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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #9658-82
29 November 1982

MEMORANDUM FOR THE RECORD

SUBJECT: SIG-IEP Meeting, 29 November 1982

25X1 1. This meeting was chaired by Secretary Regan. [] Gary [] (DDI/OGI) and I attended. The meeting dealt with: East European debt; energy alternatives to Soviet gas; organization of US policy for countries in financial distress; follow up to the Shultz "non-paper"; and the GATT Ministerial.

2. The principal East European debt issue concerns Yugoslavia. Secretary Regan feels strongly that the Europeans, not the US, should take the lead in developing the Yugoslavia aid package. State's attempt, via a separate SIG on Yugoslavia, to internally commit a US aid program in advance of negotiations with our Allies, appears to have failed.

25X1 3. Discussion of alternative energy sources was highlighted by [] presentation on the role of Soviet and Norwegian gas in the future West European gas market. The presentation was well received and there was no disagreement. There was also discussion of wide-ranging possibilities for US energy actions, such as gas decontrol, coal port development, and sale of new oil and gas production to Japan. It was recognized that such actions would not significantly affect European demand for Soviet gas, except perhaps in the long term, but that they would make US policy positions on Soviet gas more credible. Several departments emphasized the high domestic political sensitivity of such possible issues as selling oil or gas to Japan.

4. Secretary Regan expressed his intention of using the SIG-IEP to coordinate US policy initiatives involving financially troubled countries. He proposes setting up regional groups, at least on Eastern Europe and Latin America, subordinate to the SIG-IEP to deal with these problems.

5. Four working groups will be established this week to follow up on the Shultz "non-paper" on East-West economic issues. [] will be the general coordinator and will report to the SIG-IEP.

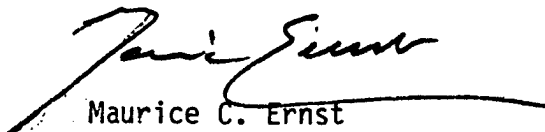
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6. [] gave a brief report on the GATT Ministerial. There was minimal progress, as reported in the press.


Maurice C. Ernst

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